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Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Daniel E. Logsdon Jr.  
Commissioner

July 10, 2015

## PARTIES OF RECORD

Re: Case No. 2015-00155  
Western Mason County Water District Commissioners Pam Carpenter,  
Secretary; Jerry Fields, Treasurer; Larry Redden, Chairman; and Manager David  
French Alleged Failure To Comply With KRS 278.300(1)

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of this memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Molly Katen, Staff Attorney, at (502) 782-2591.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

MK/ph

Attachments

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File No. 2015-00155  
**FROM:** Molly Katen, Staff Attorney  
**DATE:** July 10, 2015  
**RE:** Informal Conference of July 6, 2015

Pursuant to the Commission's July 2, 2015 Order an informal conference was held in this matter on July 6, 2015. Attached is a copy of the attendance roster.

Commission Staff began the meeting by stating that the purpose of the conference was to discuss the show cause proceeding against Western Mason County Water District Commissioners Pam Carpenter, Secretary; Jerry Fields, Treasurer; Larry Redden, Chairman; and Western Mason District Manager, David French for alleged failure to comply with KRS 278.300(1). Giving rise to the show cause proceeding is evidence of Western Mason District entering into an outstanding 10-year note dated January 10, 2014, payable to the Bank of Maysville in the amount of \$86,374, for which the Public Service Commission's authorization was required pursuant to KRS 278.300(1), but was never sought nor received by Western Mason District. A hearing on the show cause proceeding is currently scheduled for August 25, 2015.

Commission Staff stated that Responses from each District Commissioner and the General Manager had been reviewed, and confirmed that the show cause proceeding pertained only to the aforementioned evidence of indebtedness, and not to any other loans. Western Mason District General Manager explained the origin of the loan at issue, including that the money was originally borrowed to pay the Internal Revenue Service for back payroll taxes. Recently, the loan had been rolled over for a 10-year period, instead of an annual basis.

Gerald Wuetcher, legal counsel for Respondents, pointed out that at no time during the history of the loan had the Commission cited a violation of KRS 278.300 or cautioned that Commission approval for such a loan was required. Mr. Wuetcher also emphasized that none of the Respondents were attorneys or had formal legal training, nor did Western Mason District retain an attorney on a regular basis. Commission Staff stated that it appreciated the fact that the Respondents were not licensed attorneys, but that the District Commissioners had assumed the role of Water District Commissioner for Western Mason County and, in doing so, were charged with certain obligations and responsibilities related to that position.

Mr. Wuetcher also noted that none of the Respondents had been personally served with the Commission's Show Cause Order. Commission Staff responded by stating that the only mailing address on file for the Respondents was the business address of Western Mason District. Commission Staff volunteered to have the Show Cause Order personally served on each individual District Commissioner and the General Manager, if Respondents would provide those mailing addresses to the Commission.

Mr. Wuetcher disputed that any of the Respondents had "willfully" violated the statute, though the loan at issue was obtained without Commission approval, contrary to and in violation of KRS 278.300.

Proposed settlement terms were discussed. Commission Staff proposed, as a penalty for Respondents' failure to comply with KRS 278.300, a suspended fine for each Commissioner and for the General Manager, with the suspension of the fine contingent on each Commissioner and the General Manager individually completing a Commission-sponsored Water District Commissioner training. Mr. Wuetcher stated he would discuss the proposed stipulation terms with his clients and be in touch with Commission Staff.

There being no further issues to discuss, the conference was adjourned.

Attachment

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WESTERN MASON COUNTY WATER DISTRICT )  
COMMISSIONERS PAM CARPENTER, )  
SECRETARY; JERRY FIELDS, TREASURER; ) CASE NO.  
LARRY REDDEN, CHAIRMAN; AND MANAGER ) 2015-00155  
DAVID FRENCH ALLEGED FAILURE TO COMPLY )  
WITH KRS 278.300(1) )

July 6, 2015

Please sign in:

NAME

REPRESENTING

Jerry W. Fields

Western Mason Water Dist

Gerald Wetcher

Western Mason County WD

David French

Western Mason Water District

Ariel Turnbull

PSC - Financial Analysis

Molly Katen

PSC Legal

Ann Ramsey

PSC Legal

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\*David French  
Office Manager  
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Dover, KY 41034-0049

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\*Gerald E Wuetcher  
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